

# THE ROLE OF ELECTED OFFICIALS IN ECONOMIC DEVELOPMENT

ARKANSAS RURAL  
DEVELOPMENT  
CONFERENCE  
EUREKA SPRINGS, AR

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# CONTENTS

- What is Economic Development?
- Parts & Pieces of the Puzzle
- Knowing your Community Numbers
- Some Assembly Required...
- No Superman Here!
- Got “Dough” & Got “Time”?



# CONTENTS

- Who is doing the Heavy Lifting?
- It is easier & cheaper to keep what you've got...
- What Ya Selling?
- Guidepost & Scorecard
- Leading the Charge
- Takeaways



# WHAT IS ECONOMIC DEVELOPMENT?

## Your Definition?

Jobs

Income

Revenues

New Housing

Population Growth

Public Services



# WHAT IS ECONOMIC DEVELOPMENT?

*“Economic development is the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services.”*

*“The developer’s role is to influence the process for the benefit of the community...”*

*American Economic Development Council*

# **THREE P'S OF ECONOMIC DEVELOPMENT**

**Process**

**Practice**

**Profession**

# PROCESS

**Decline**

**Stagnation**

**Stability**

**Growth**

# **ELEMENTS OF THE PROCESS**

- **Basic vs. Non-Basic Businesses**
- **Leakage**
- **Multiplier Effect & Economic Impact**



# BASIC VS. NON-BASIC INDUSTRIES

The growth or decline of an economy is determined by how it performs as an exporter (i.e., trade surplus vs. deficit)

Exports: goods or services

*Basic Industry* = Export Industries

Essential for building wealth

# BASIC VS. NON-BASIC INDUSTRIES

- *Basic Industry:*
  - Manufacturing
  - Selected Services
  - Tourism, Entrepreneurs & Downtown Business Development

# BASIC VS. NON-BASIC INDUSTRY

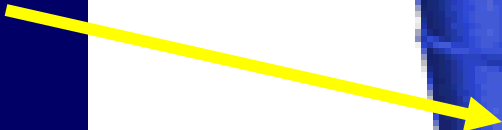
*Non-Basic Industry* = Everything else  
“Service”

- Dependent on basic industries
- Re-circulates imported \$\$
- Many industries are a mix of Basic and Non-Basic activity
- Essential to creation of Quality of Life and preventing leakage

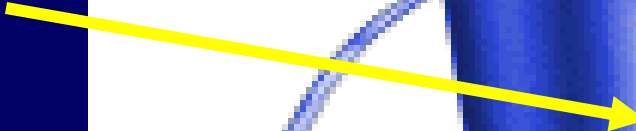
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**MORTGAGE**



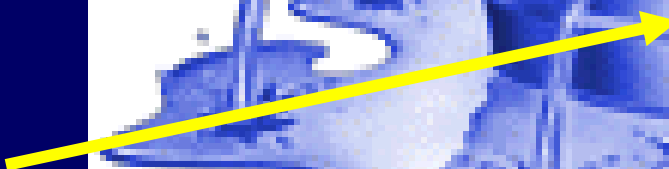
**BUSINESS  
PURCHASES**

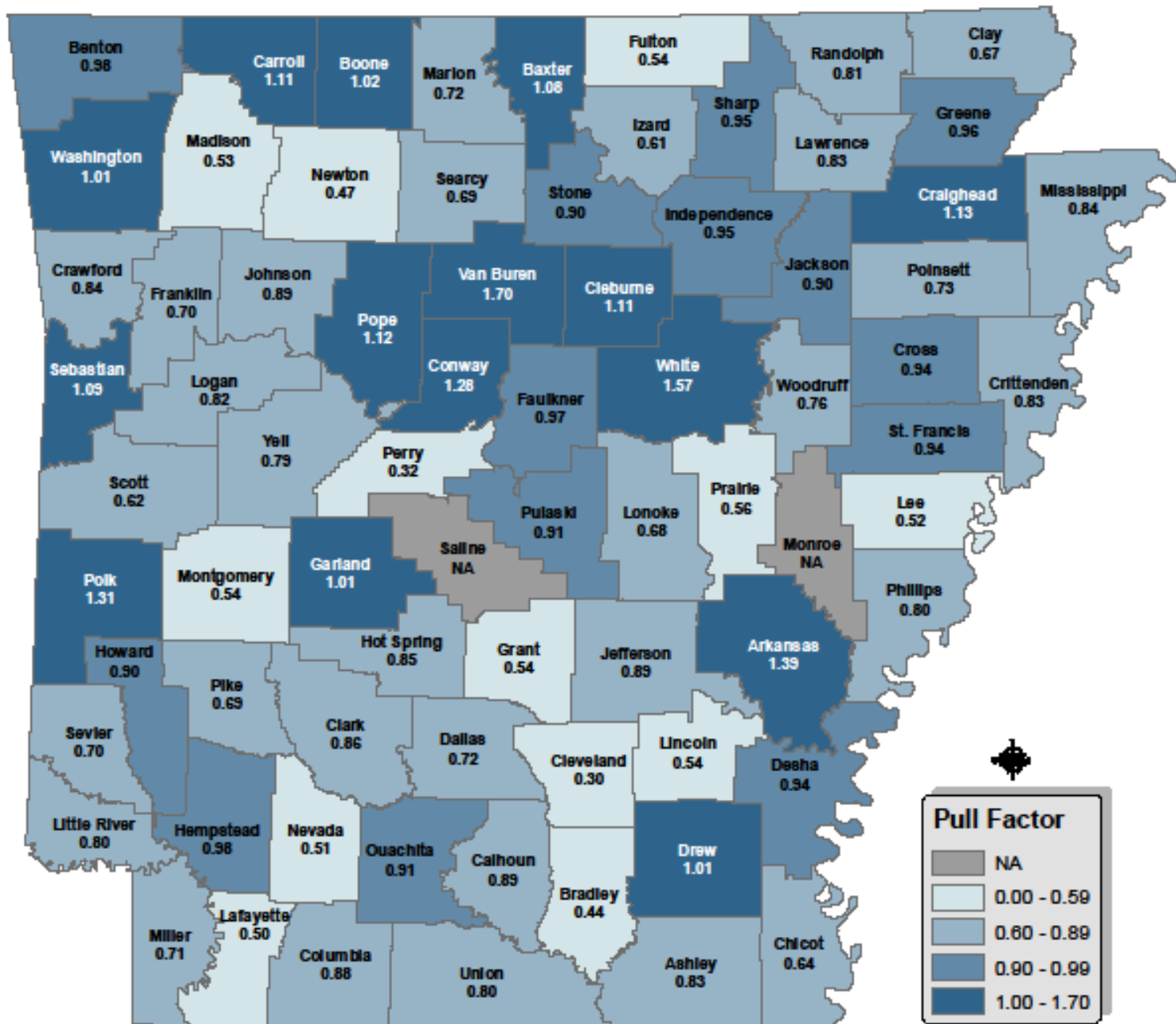


**BIG BOX  
(SOMEWHERE ELSE)**



**CONSUMER  
PURCHASES**





Source: U.S. Census and ADF&A, Calculations performed by IEA

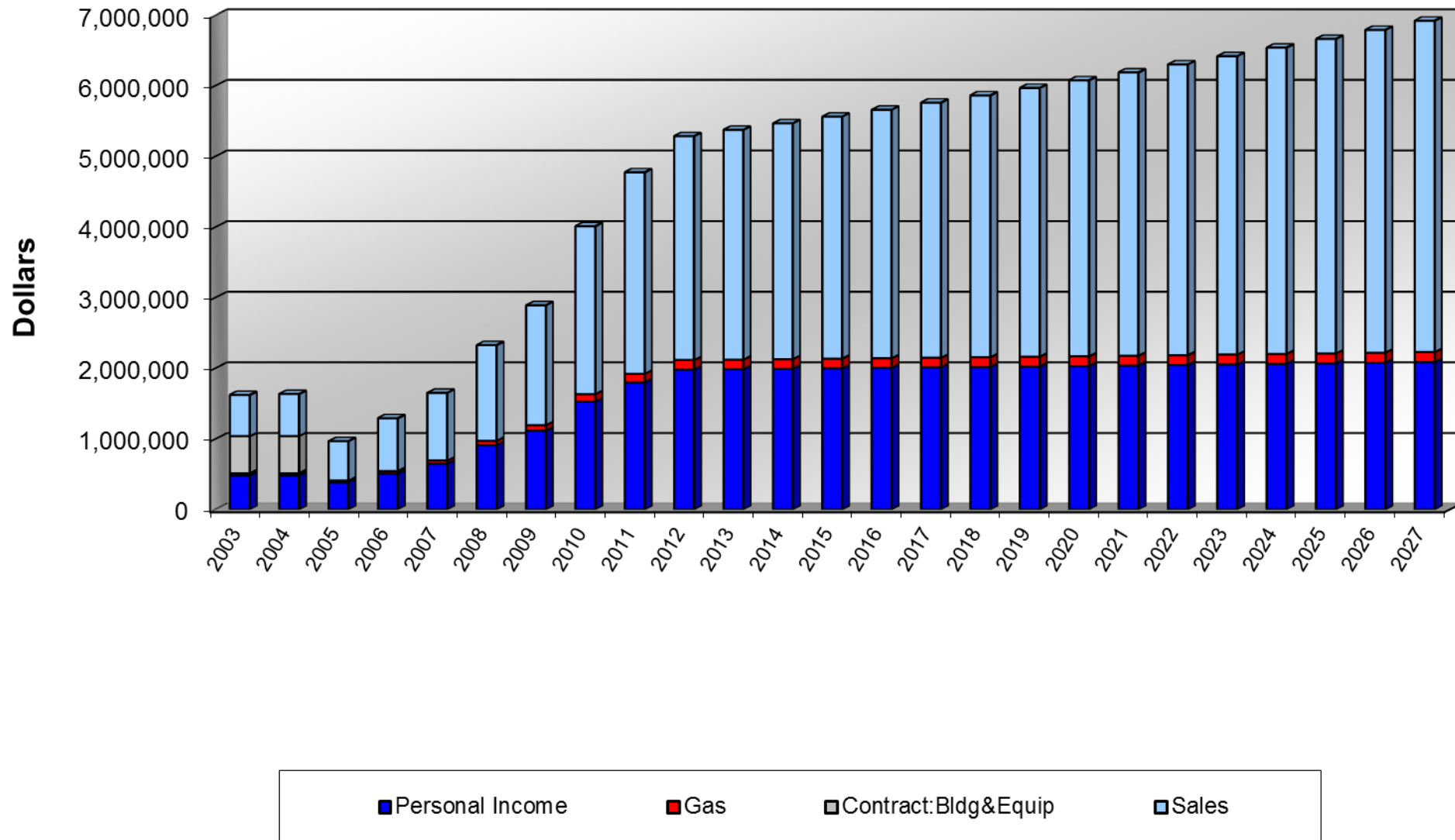
# NUMBER OF JOBS CREATED BY INDUSTRY EXPANSION

	<u>2003</u>	<u>2012</u>	<u>2020</u>
<b>Direct</b>	<b>500</b>	<b>2,000</b>	<b>2,000</b>
<b>Indirect</b>	<b>225</b>	<b>940</b>	<b>940</b>
<b>Induced</b>	<b>77</b>	<b>365</b>	<b>448</b>
<b>Total</b>	<b>802</b>	<b>3,305</b>	<b>3,388</b>

# IMPACT OF AN EXISTING INDUSTRY EXPANSION

2003 - 2027

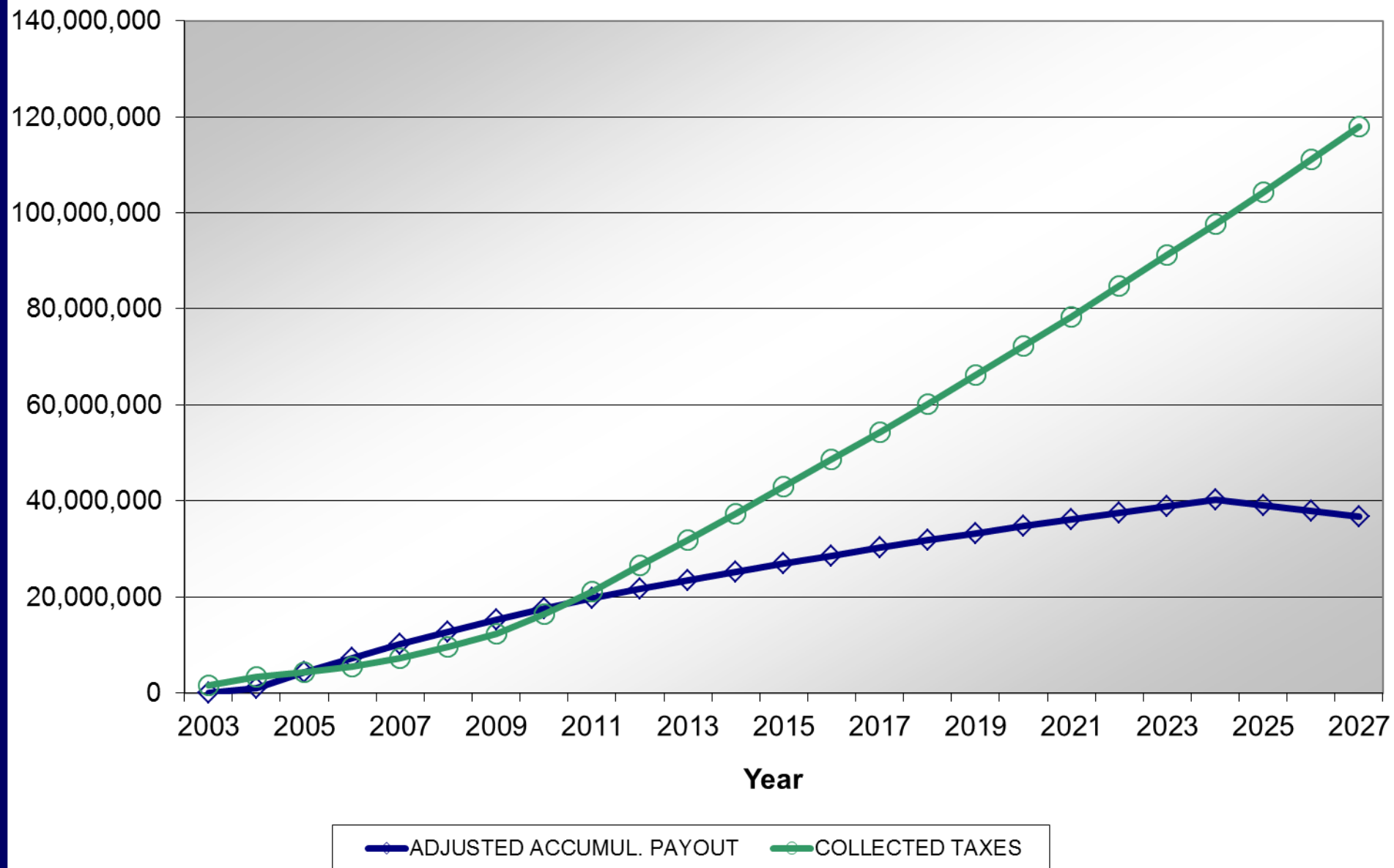
Taxes Generated from Various Sources



# IMPACT OF AN EXISTING INDUSTRY EXPANSION

2003 - 2027

Cumulative Adjusted (Future Value) Payout vs. Tax Collections

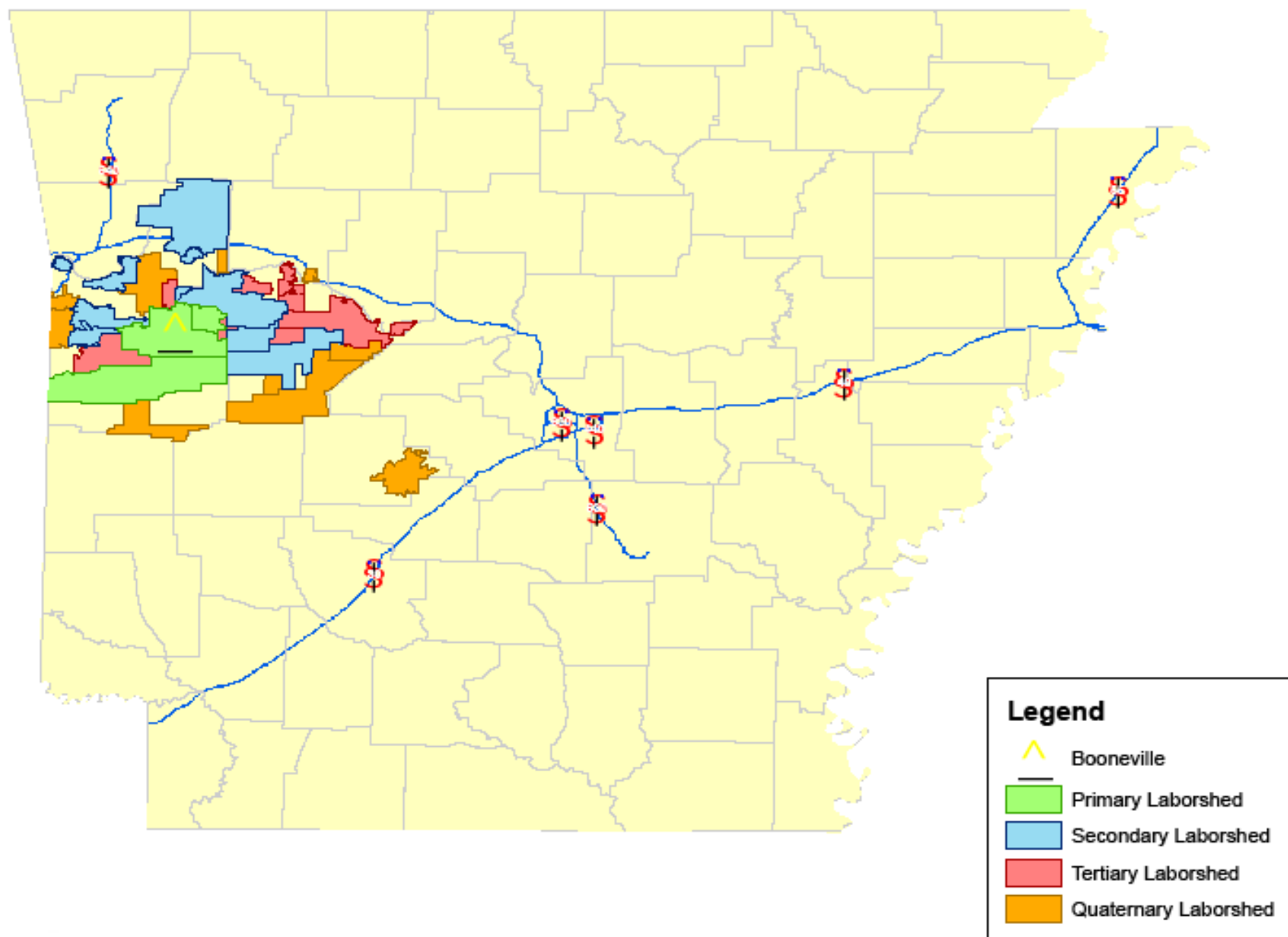




# **CARGILL IN BOONEVILLE**

- **Approx. \$20 Mil. Payroll**
- **800 Direct Jobs Affected**
- **2,834 Indirect Jobs Affected**
- **730 Induced Jobs Affected**
- **4,364 Total Jobs Affected**

# Cargill Laborshed



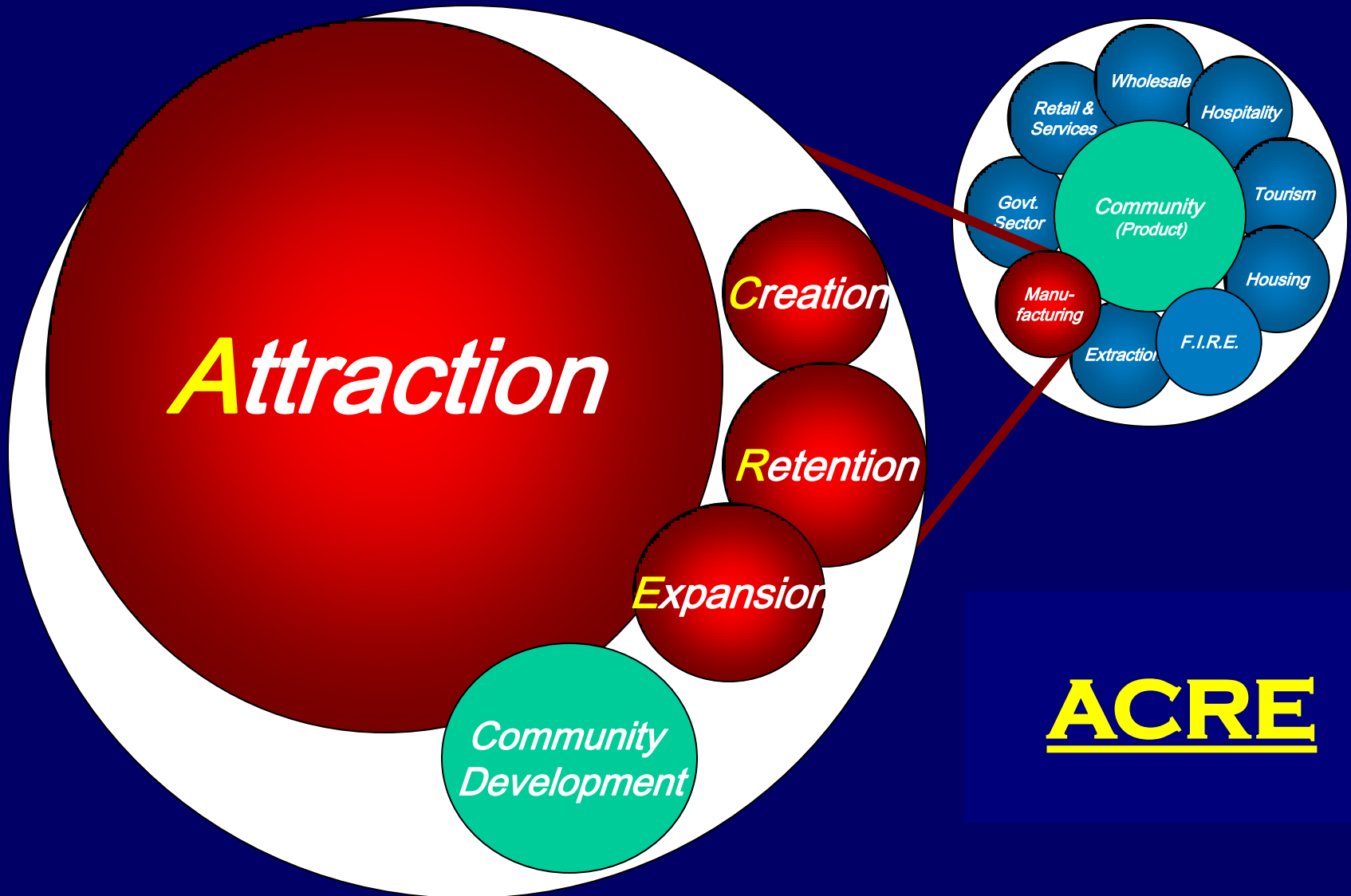
# THREE P'S OF ECONOMIC DEVELOPMENT

Process

**Practice**

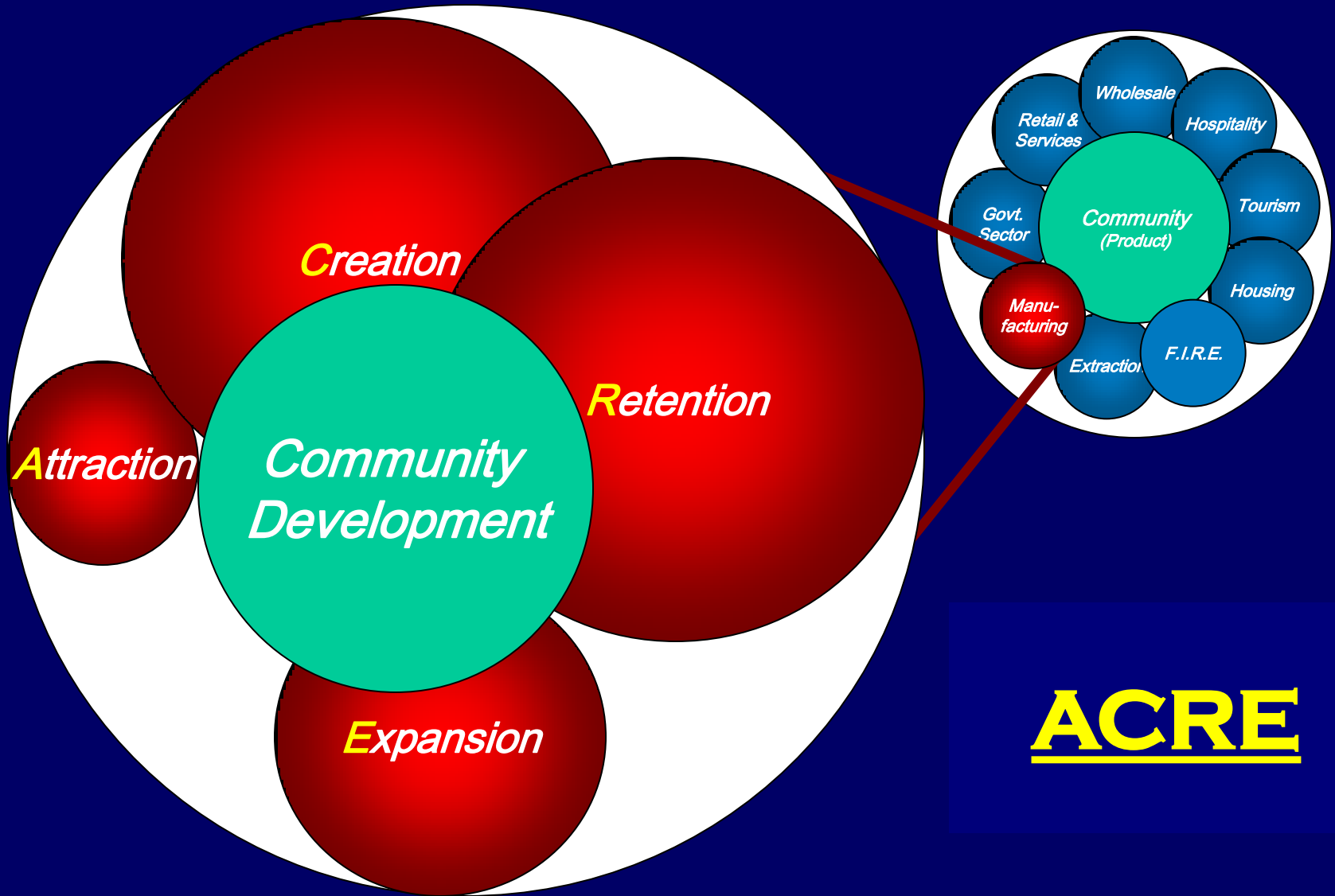
Profession

# TRADITIONAL MANUFACTURING STRATEGY IN E D PRACTICE



**ACRE**

# WHAT THE KEY STRATEGIC APPROACH OUGHT TO BE?



**ACRE**



# PARTS & PIECES



# **PARTS & PIECES OF THE PUZZLE**

Overall mission is to improve the economic well-being of the community served.

Goal is accomplished by stimulating private investment through a wide variety of activities, which are frequently categorized by referring to the government's role as catalyst & coordinator. Activities include: attraction, planning, infrastructure development, community improvement and business retention/expansion.

# **\*KEY ROLE & RESPONSIBILITY\***

- Provide Guidance, Vision & Planning
- Supporting Professional Economic Development program
- Helping Existing Business & Industry
- Building a Strong Business Environment
- Investing in Infrastructure & Product
- Providing Incentives
- Leadership



# MYTHS OF ECONOMIC DEVELOPMENT

- *We can handle our economic development needs alone*
- *Economic Development causes sprawl*
- *Any new business is right for our community*
- *An economic development officer will turn our economy around*
- *Intel will locate here if we provide enough incentives*
- *One big manufacturer will solve all of our economic problems*
- *The State (or utility partners) controls where businesses locate*

# MYTHS OF ECONOMIC DEVELOPMENT

- *Retail development is not economic development*
- *Site location consultants will call the community if they cannot find the critical information they seek on the community's website!*

# **ECONOMIC DEVELOPMENT STRATEGIES**

- Retaining & Expanding Existing Firms
- Improving Local Linkages
- Creating New Business Opportunities
- Promoting Entrepreneurship/Tourism
- Capturing New Dollars/Sales Tax/Taxes
- Recruiting New Business & Industry

# **BUSINESS ATTRACTION & CREATION**

- **Why Business Attraction and Creation is Important:**
  - **Creates Jobs**
  - **Enhances Local and State Tax Base**
  - **Attempts to Offset Attrition**
  - **Shapes the Community's Future**
  - **Boosts Reputation**
  - **Encourages Chances for Spin-Offs**

# **BUSINESS RETENTION & EXPANSION**

- **Why Business Retention & Expansion is Important:**
  - **Maintains and Creates Jobs**
  - **Maintains and Enhances Local and State Tax Base**
  - **Supports the Community's Social Fabric Foundation**
  - **Supports Recruitment Efforts**
  - **Encourages Chances for Spin-Offs**

# **BUSINESS CREATION (START-UPS)**

**How can your economic development organization assist start-ups?**

- **Community Development**
- **Data and information**
  - **Building & Business Inventories**
  - **Demographics & Consumer \$**
  - **Allies**
- **Facilitation (meetings, venues, etc.)**
- **Advocacy and public relations**
  - **Marketing to People**



# KNOWING YOUR NUMBERS



# KNOWING YOUR COMMUNITY NUMBERS

- Demographics
- Revenue Streams - Who pays the taxes?
- Flow of Money
- Historic trends
- Community Data for “Selling”
  - Infrastructure Capacities
  - Sites and Buildings
  - RFI Response Data
- Local and Regional Economic Analysis



# **RESEARCH & ANALYSIS**

**Labor Analyses**

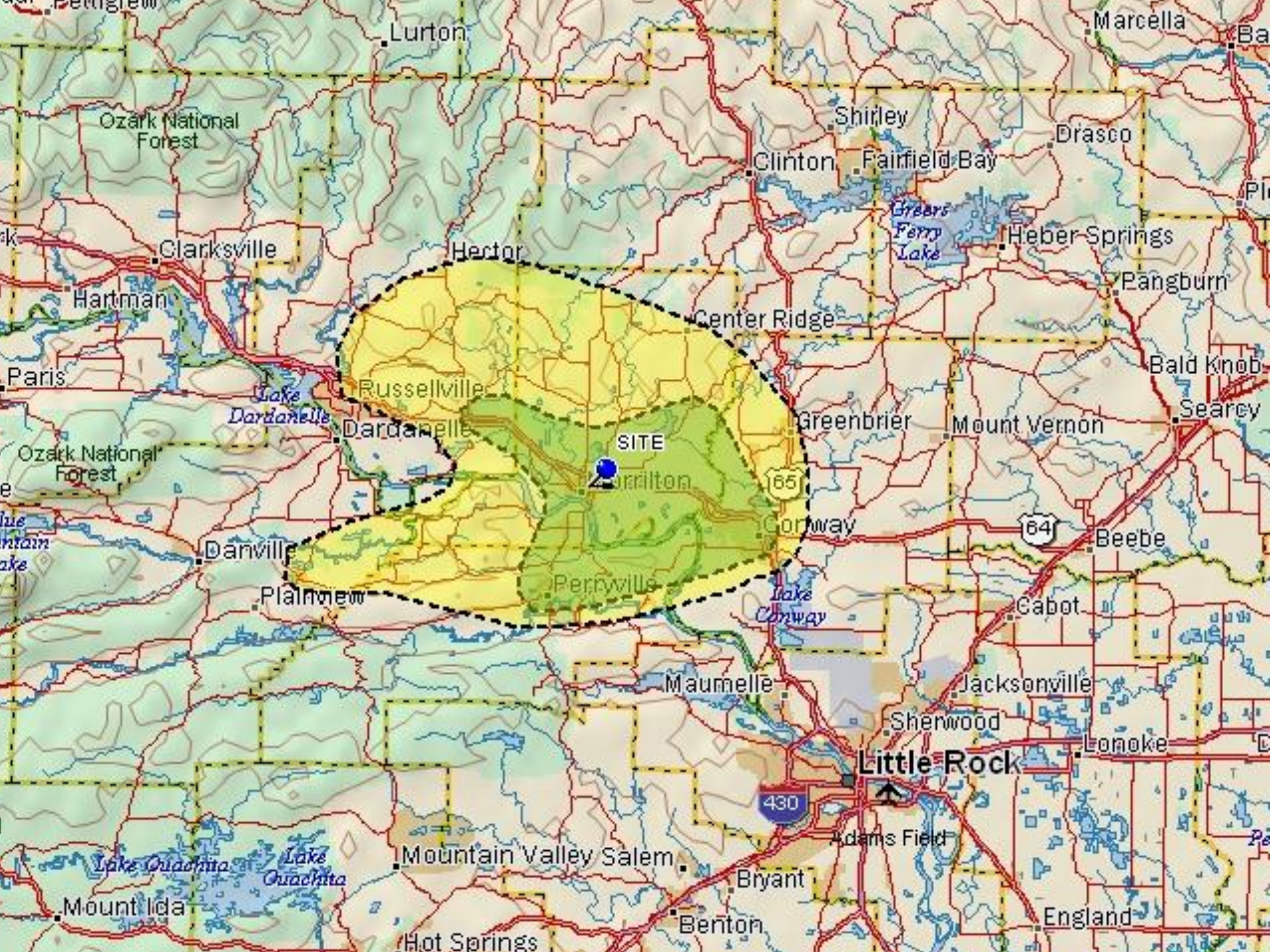
**Targeting/Cluster Analyses**

**Economic Base Analyses**

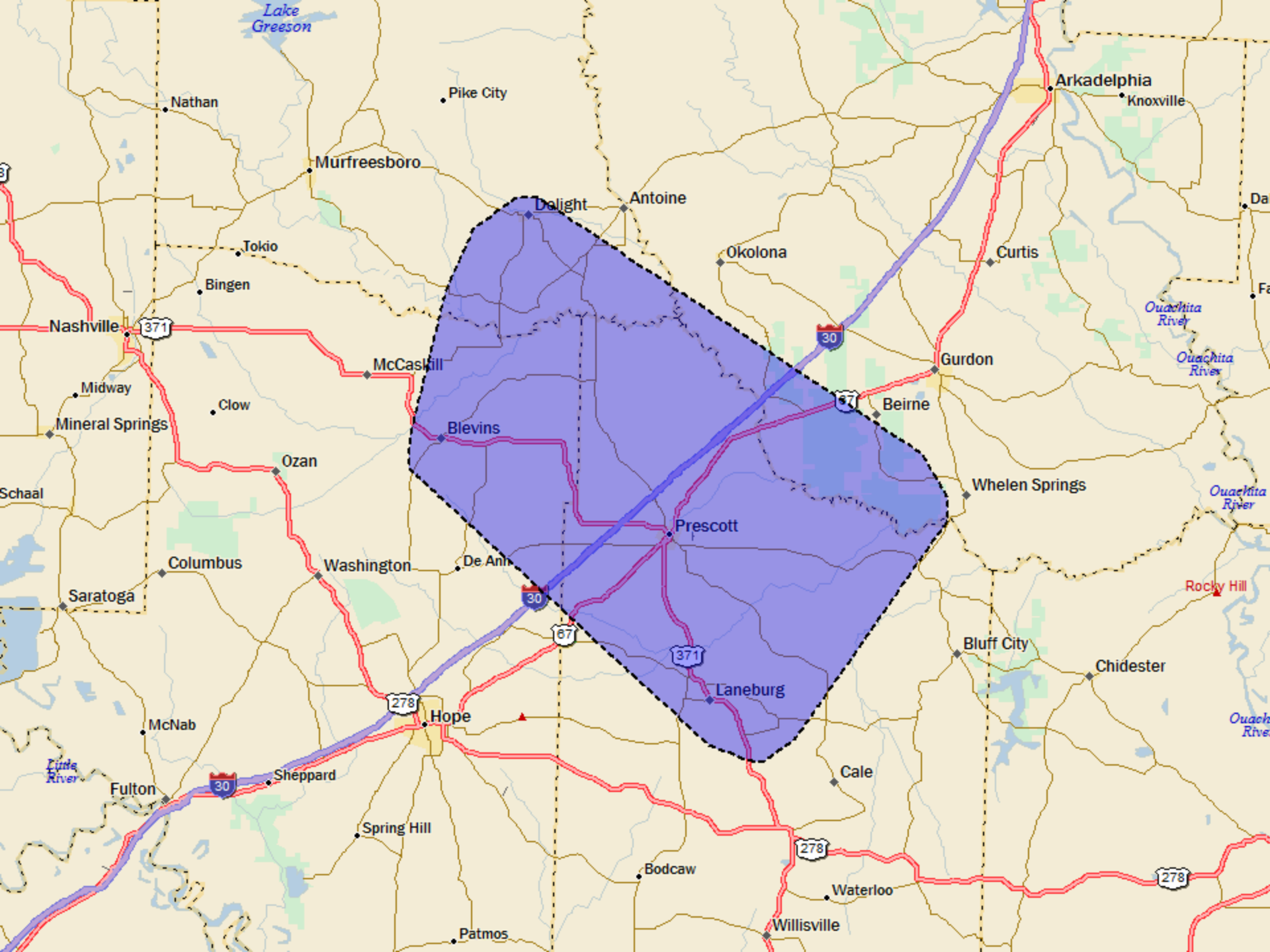
**Retail/Service sector analyses**

**Economic Impact Analyses**











# SOME ASSEMBLY REQUIRED



# ORGANIZING YOUR ECONOMIC DEVELOPMENT

- Create the Structure
- Know Your Leaders and Plan Together
  - Who are our Future Leaders?
- Think Regionally / Act Regionally
- Know Your Partners and Be a Partner
- Know Your Numbers
  - Is our Information Accessible On-Line?

# **SOME ASSEMBLY REQUIRED**

- Need a clear understanding of what is desired
- Community Planning & Assessment
- Set Goals, Objectives, and Strategies
- Is your community prepared for this
- Who can authorize and spend city dollars?
- Team Approach
- Planning for the Future
- Implementing your strategies & homework

**WHAT IS YOUR PLAN?**

# DEVELOPING YOUR PLAN

Developing and working your economic development plan (efforts) requires gaining the support of local groups and citizens :

- Major Employers and Businesses
- Government (*City, County, School Districts, Special Districts and Authorities*)
- Technical Colleges
- Banks and Lenders
- Real Estate Developers
- Private Utility Representatives
- Environmental Groups
- Agricultural Organizations
- Minority Groups
- Downtown Merchants



# DEVELOPING YOUR PLAN

Developing and working the plan requires a strong, **positive relationship** with your networks and allies!!



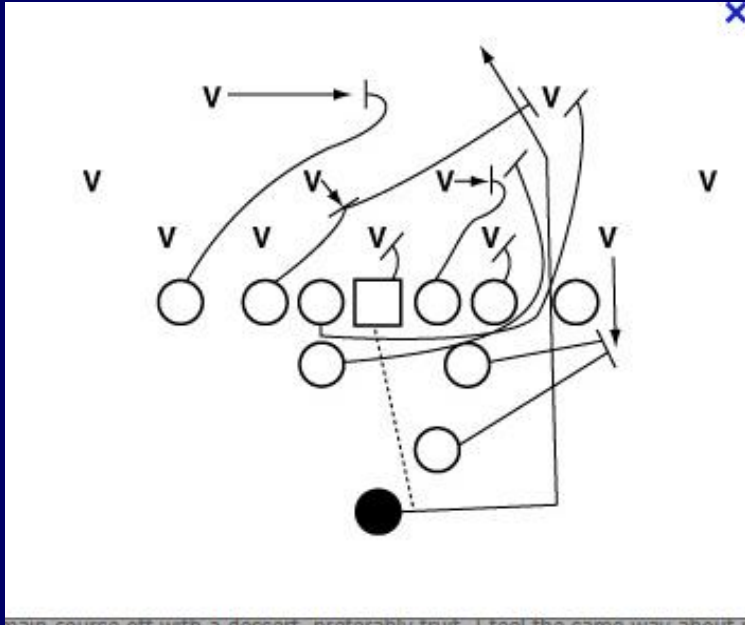


# **NO SUPERMAN HERE**

- Team Approach to new development
- As Mayor/Judge, you may have to be the Champion for this effort
- Not a “quick-fix” program
- Long-term commitment – 5 to 10 years or more



# THE PLAYERS



- Economic Dev. / Chamber or Champion
- Local Elected Officials
- State Government Partners
- Non-Profits (Arts/Educ/Health/Etc.)
- Education Community
- Other Allies & Volunteers
- Regional Partners

# **ECONOMIC DEVELOPMENT ALLIES**

## **Federal**

- **Legislators**
- **U.S. Department of Commerce**
- **Economic Development Administration**
- **Delta Regional Authority**
- **Small Business Administration**
- **U.S. Dept. of Agriculture - Rural Develop.**
- **U.S. Dept. of Housing & Urban Develop.**
- **Environmental Protection Agency**

# ECONOMIC DEVELOPMENT ALLIES

## Statewide

- Office of the Governor
- State Legislative Assembly
- Arkansas Economic Development Commission
- Arkansas Dept. of Rural Services
- AML / AAC
- Arkansas Dept. of Workforce Services
- Arkansas Workforce Investment Board

# ECONOMIC DEVELOPMENT ALLIES

## *Strategic Partners*

- Utility Economic Development Offices
- Community Colleges
- Universities
- Vocational Tech Schools
- Regional Economic Dev. Partners
- Industry Councils
- Public-Private Partnerships

# **ECONOMIC DEVELOPMENT ALLIES**

## **Regional and Local**

- Regional Economic Development groups
- Planning and Development Districts
- Mayors & City Councils
- Quorum Courts
- Elected Officials
- Chambers of Commerce / Econ Dev Corps
- Workforce Investment Boards
- Non-Profits
- Finance and Real Estate Businesses

**HOW MUCH ARE YOU  
WILLING TO INVEST  
IN YOUR COMMUNITY?**





# GOT “DOUGH” & GOT “TIME”

- Economic Development is not cheap, free or easy.
- It will take many “political terms” to make the desire positive impact
- It takes “money” to make “money”
- It is a true “investment” w/ ROI
- Prepared Industrial Sites/Parks are a must have for new industry



# WHO IS DOING THE HEAVY LIFTING?

- Your “local” Business & Industry
- They are your best recruiters (or worst)
- What can you do for them?
  - Meet with them regularly
  - Implement a Business Retention & Expansion Program
  - Know what support (incl. incentives) you can offer to a company in need

# **EASIER & CHEAPER TO KEEP WHAT YOU'VE GOT**

- #1 Strategy is to support existing business
- It is far less expensive to keep existing business than recruit new business AND
- 60% to 80% of new jobs are from local industry expansions
- Success begins with local business & industry already in your community

# **BUSINESS RETENTION & EXPANSION**

## **It's All About:**

- **Industry Visitation & Assistance**
- **Business Visitation & Assistance**
- **Information**
- **Partnerships**
  - **Who all can help my existing companies???**
- **Solving Problems**

# SUPPORTING RETAIL & SERVICE

- COMPLETE RETAIL ANALYSIS
- SURVEYS
  - Customers
  - Businesses
- INVENTORIES
  - Business
  - Building
- INCENTIVES
  - Historic Tax Credits
  - Tax Abatements
- **BUSINESS HOURS**
- **PROMOTE “SHOP AT HOME”**

# RETAIL DEVELOPMENT

## Why is retail development so Important?

### •DIRECT

- ✓ Creates New Business
- ✓ Generates Sales Tax
- ✓ Creates Jobs

### •INDIRECT

- ✓ Prevents / Slows Leakage
- ✓ Supports:
  - Community Development
  - Business Development
  - Tourism Development

# RETAIL LEAKAGE

- **Why do we shop somewhere else?**
  - Availability
  - Selection
  - Price
  - Convenience
  - **Shopping Hours**
  - Associated shopping with other activities
  - Shopping Experience
  - When we're tourists



# WHAT YA SELLING?

- Your Community
- Your Downtown
- Your County
- ✓ Business Opportunities
- ✓ Sites & Buildings





# WHAT YA SELLING?

- Industrial Land -
  - Farm field - NO!
  - Free standing site – Shovel Ready
  - Prepared Industrial Sites/Parks
- Industrial Buildings -
  - Shell building
  - Turnkey building
  - Existing building

# THE NEED FOR PRODUCT

- Got to have Product: Industrial Buildings, Industrial Sites and/or Industrial Park(s)
- Got to have infrastructure there or have a plan, cost estimates and \$\$ to get it there
- By the way did I mention that economic development is not cheap or easy
- This is a long-term process, not a quick-fix solution

# **SITE DEVELOPMENT**

**A farm field is NOT an industrial site**

**Size, configuration & control**

**Environmental & geotechnical conditions**

**Utilities, zoning, & neighboring land use**

**Ingress & egress**

# **AVAILABLE BUILDING INVENTORY**

**What is your available building status?**

**Both industrial and commercial inventory**

**Physical condition and ownership POC**

**Utilities, zoning, & neighboring land use**

# **BUSINESS CONDITIONS**

## **Local Business & Industry**

- **Labor**
- **Bond Ratings**
- **Permitting**
- **Quality of Life**
- **Tax Climate**
- **Incentives**

# **DEVELOPING YOUR COMMUNITY (PRODUCT)**

- **Downtown, Main Street,  
Neighborhood, Gateways**
- **Environmental**
- **Physical Infrastructure**
- **Education and Workforce**
- **Sites & Buildings**
- **Quality of Living**
- **Business Conditions**

# QUALITY OF LIVING FACTORS

- Political / Social Environment
- Economic Environment
- Medical / Health
- Schools
- Natural Environment
- Public Services
- Recreation
- Consumer Goods
- Housing

SOURCE: MERCER'S QUALITY OF LIVING FACTORS

***“The first thing I look at when I visit a community is the downtown. If it’s vibrant they stay on the list. If it’s run down and empty, I move on to the next site.”***

***Anonymous Site Consultant  
During a recent visit***































# INTERNET PROMOTION

“Site selection consultants are aggressively using the Internet to speed up the site selection process, and in some cases, to make cuts from their list of prospective towns **even before the community knows it was being considered.**”

*...Site Selection Expert*

# **WEB PRESENCE**

- **Demographics**
- **Retail Analysis**
- **Labor Availability and Cost**
- **Education and Industrial Training**
- **Government and Tax Structure**
- **Finance Programs for Development**
- **Transportation, Communication and Utilities**
- **Industrial & Commercial Sites and Buildings**
- **Community**



# GUIDEPOST & SCORECARD



# GUIDEPOST & SCORECARD

- Need to establish guidelines, goals and scorecard to know if all is “well”
- Planning to help direct toward future
- Controlled growth vs Uncontrolled
- Results-Oriented objectives
- Key development issues
- Flexible/Adaptable to changing conditions
- Periodic monitoring & revised plans

# LEADING THE CHARGE

- As Mayor or Judge, YOU must set things in motion to lead your community forward!
- A genuine leader is not a searcher for consensus, but a molder of consensus
- A community can not rise above its level of Leadership
- You must provide the (1) vision & creativity, (2) bold action & perseverance, and (3) LEADERSHIP

# LEADERSHIP ROLE

- No longer enough to be a “check writer”
- Must take ownership and become involved
- Leaders turn Hope and Opportunity into Action!

# **ROADMAP FOR ECONOMIC DEVELOPMENT**

- Strong Local Government & Leadership
- Clear Strategic Vision & Plan
- Pro-Business Climate
- Skilled Workforce – Quality Labor
- Quality Product – Throughout Community
- Business Retention & Expansion
- Aggressive Marketing & Business Dev.
- Financing & other Incentives Must Be Ready
- Meaningful Regional Cooperation



# FIRST STEPS

- Know your plant managers...every one of them...
- Know your community's businesses
- Know your numbers
- Identify available resources
- Identify, assemble, & recruit team
- Develop your plan
- Politics, Legacy & Sustainability







Thank You –

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